

**MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL MEETING**

January 28, 2009
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Councilmember Peggy Neely, Phoenix, Chair	Supervisor Max W. Wilson, Maricopa
Mayor Thomas Schoaf, Litchfield Park,	County
Vice Chair	Mayor Scott Smith, Mesa
# Councilmember Robin Barker, Apache Junction	# Mayor Vernon Parker, Paradise Valley
Mayor Marie Lopez Rogers, Avondale	Mayor Bob Barrett, Peoria
Mayor Jackie Meck, Buckeye	# Mayor Arthur Sanders, Queen Creek
Mayor Wayne Fulcher, Carefree	* President Diane Enos, Salt River
Councilmember Dick Esser, Cave Creek	Pima-Maricopa Indian Community
Mayor Boyd Dunn, Chandler	* Mayor Jim Lane, Scottsdale
Mayor Fred Waterman, El Mirage	Vice Mayor Joe Johnson for Mayor Lyn
* President Clinton Pattea, Fort McDowell	Truitt,
Yavapai Nation	Surprise
# Mayor Jay Schlum, Fountain Hills	# Mayor Hugh Hallman, Tempe
# Mayor Fred Hull, Gila Bend	# Mayor Adolfo Gamez, Tolleson
Lt. Governor Joseph Manuel for Governor	# Mayor Kelly Blunt, Wickenburg
William Rhodes, Gila River Indian	Mayor Michael LeVault, Youngtown
Community	* Felipe Zubia, State Transportation Board
* Mayor Steven Berman, Gilbert	Victor Flores, State Transportation Board
# Mayor Elaine Scruggs, Glendale	David Martin, Citizens Transportation
Mayor James M. Cavanaugh, Goodyear	Oversight Committee
* Mayor Frank Montiel, Guadalupe	

* Those members neither present nor represented by proxy.

Attended by telephone conference call.

+ Attended by videoconference call.

1. Call to Order

The meeting of the MAG Regional Council was called to order by Vice Chair Peggy Neely at 5:05 p.m.

2. Pledge of Allegiance

Councilmember Dick Esser led the Pledge of Allegiance.

Vice Chair Neely noted that Councilmember Robin Barker, Mayor Jay Schlum, Mayor Fred Hull, Mayor Elaine Scruggs, Mayor Vernon Parker, Mayor Adolfo Gamez, Mayor Kelly Blunt, and Mayor Arthur Sanders were participating by teleconference.

Vice Chair Neely noted that this was the first Regional Council meeting for Mayor Kelly Blunt. She welcomed him to the MAG Regional Council and said that his Regional Council membership certificate would be sent to him.

Vice Chair Neely introduced Lt. Governor Joseph Manuel as proxy for Governor William Rhodes and Vice Mayor Joe Johnson as proxy for Mayor Lyn Truitt.

Vice Chair Neely noted items at each place: A memorandum reporting actions taken by the Transportation Policy Committee on #5C and #7; the addendum to the agenda, item #5K; and revised material for agenda items #5C and #5D.

Vice Chair Neely requested that members of the public who would like to comment fill out a blue public comment card for Call to the Audience or a yellow public comment card for Consent Agenda items or items on the agenda for action. She said that parking garage validation and transit tickets for those who used transit to attend the meeting were available.

3. Call to the Audience

Vice Chair Neely noted that public comment cards were available to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested to not exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Vice Chair Neely noted that no public comment cards had been received.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, provided a report to the Regional Council on activities of interest. He said that leading up to this meeting, there were several inquiries about potential changes to MAG and how MAG could be improved. Mr. Smith noted one year ago, during the goal setting process, Mayor Lopez Rogers and Mayor Schoaf advocated for clarification to MAG's rules and procedures. He stated that staff began to draft a rules and procedures book, which was estimated to be a two-year project. Mr. Smith stated that they are now accelerating the book to a six-month project. Mr. Smith displayed a bell curve that illustrated the phases of building high-performance organizations, their growth cycles, how they can decline, and what to do about it. Mr. Smith pointed out the phases when MAG began, when Proposition 300 was passed, when Proposition 400 was passed, and its current phase at the top of the bell curve. Mr. Smith stated that the challenge is how an organization remains at the top of the curve.

Mr. Smith explained how this has worked at MAG, through points of renewal that occurred approximately every five years. He stated that these include the performance audit in 1990 to 1991, when the relationship between MAG and ADOT was defined and the Regional Council was established as the decision makers for material cost estimates and defining priorities. Mr. Smith noted that the next renewal point occurred in approximately 1996, when Mayor Scruggs was Regional Council Chair and expressed that MAG needed more procedures to guide its operations. Mr. Smith stated that MAG underwent the re-engineering of the MAG policy process. He said that a number of recommendations through this process were implemented, including the format for the transmittal summary for agenda items, which shows the record of how each agency's committee member voted on the item.

Mr. Smith stated that the next cycle occurred in 2001, when Mayor Skip Rimsza was Chair and he expressed that if MAG wanted to pursue an extension of the half-cent sales tax, it would need to change. Mr. Smith said that in response, the Governance Task Force and Governance Advisory Committee process was conducted, resulting in the implementation of recommendations in 2002, which included formation of the Transportation Policy Committee and expansion of the Executive Committee. Mr. Smith stated that this was an example of the Regional Council taking the organization and molding it the way they wanted.

Mr. Smith stated that MAG is now at the point where the policies and procedures book is being developed. He said that MAG is the Regional Council's organization and their input is how MAG stays healthy, otherwise an organization remains at the point where it does not learn and renew itself.

Vice Chair Neely stated that Mr. Smith had received several letters requesting a new look at MAG's procedures and she discussed with some Regional Council members what they would like to see. She requested that the process be conducted with full transparency and get all of the input possible. Vice Chair Neely stated that the procedures book would be on the next Executive Committee agenda and the Committee would discuss how to move forward. No questions from the Council for Mr. Smith were noted.

5. Approval of Consent Agenda

Vice Chair Neely noted that agenda items #5A through #5K were on the Consent Agenda. She noted that no public comment cards had been received. Vice Chair Neely asked members if they had questions or requests to hear an item individually. None were noted.

Vice Chair Neely called for a motion to approve Consent Agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, and #5K. Mayor Cavanaugh moved, Mayor Hallman seconded, and the motion passed unanimously.

5A. Approval of the December 3, 2008, Meeting Minutes

The Regional Council, by consent, approved the December 3, 2008, meeting minutes.

5B. Appointment of Mayor Jim Lane, City of Scottsdale, to Serve as One of the Seven Largest Cities/Towns Elected Officials on the Transportation Policy Committee

The Regional Council, by consent, appointed Mayor Jim Lane, Scottsdale, as the one of the seven largest cities/towns elected officials on the Transportation Policy Committee. The composition of the Transportation Policy Committee (TPC), established by the Regional Council on April 24, 2002, includes elected officials from the seven largest cities/towns. In June 2008 the Regional Council appointed the list of TPC members. Since that time, the City of Scottsdale seat has become vacant. Mayor Jim Lane from the City of Scottsdale has expressed interest in serving as Scottsdale's representative on the TPC. The appointment of Mayor Jim Lane to the TPC by the Regional Council as one of the seven largest cities/towns elected officials was requested.

5C. Project Changes – Amendments, and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program, FY 2009 Arterial Life Cycle Program, and Material Cost Changes to the ADOT Program

The Regional Council, by consent, approved amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2009 Arterial Life Cycle Program, as appropriate, to the Regional Transportation Plan 2007 Update, and material cost changes to the ADOT Program as shown in tables A, B, C, and D. The FY 2008-2012 Transportation Improvement Program (TIP) was approved by the MAG Regional Council on July 25, 2007, and the FY 2009 Arterial Life Cycle Program (ALCP) was approved by the MAG Regional Council on June 25, 2008. Since that time, there have been requests from member agencies to modify projects in the programs. The proposed amendments to the FY 2008-2012 TIP for highway projects are listed in Table A, and proposed administrative modifications to the ALCP are listed in Table B. As per the Draft MAG Federal Fund Programming Principles, a request to change a programmed Federal Fund Project in the TIP will go through the MAG committee processes beginning at the appropriate technical advisory committee. There is one CMAQ-funded project requesting a project change. The project change request for PHX12-859 (Table A) was heard and unanimously recommended for approval at the October 21, 2008 Pedestrian Working Group and the Regional Bicycle Task Force meeting. Projects DOT08-812 and DOT08-813 are projects that the MAG Regional Council approved in December 2006 to be funded from the Statewide Transportation Acceleration Needs (STAN) account. The increase of funds per each project can be made without causing a fiscal impact to the MAG Freeway Program since another STAN project (SR101L: HOV Lanes from Tatum Blvd. to Princess Dr.) was bid at \$12.2 million less than the original budget. This change was approved by the Regional Council on December 3, 2008. These project changes are included in this agenda item because they need to be reflected in the FY 2008-2012 MAG TIP. There are six Arizona Department of Transportation (ADOT) projects in Table A (as annotated) that require Regional Council approval of a Material Cost Change to the ADOT Program. According to A.R.S. 28-6353, it is required that MAG approve any change in priorities, new projects, or requests for changes that would materially increase Freeway Program costs. According to the MAG Material Cost Change policy, a material cost change is defined as: 'An increase in the cost of a project that is more than five (5) percent of the adopted project budget, but not less than \$500,000 or any increase greater than \$2.5 million. In December 2008, the Transportation Review Committee (TRC) unanimously recommended approval of the changes to projects listed in Tables A and B. In addition

to the projects approved at TRC, two project change requests were received following the mailout of the MAG Management Committee agenda on January 6, 2009. The ITS Committee met on January 7, 2009 and unanimously recommended approval to change the project scope for PHX07-317, and on January 12, 2009, ADOT requested to change the funding type for project DOT09-823 from local to STP-AZ. These projects are found in Table C. The Management Committee and the Transportation Policy Committee recommended approval of project changes in Tables A, B, and C. Since the mailout of the Regional Council agenda, a request was received from the Town of Gilbert to amend the FY 2008-2012 MAG Transportation Improvement Program to add a new safety project (GIL09-801). This project is listed in Table D. All of the projects to be amended may be categorized as exempt from conformity determinations and an administrative modification does not require a conformity determination.

5D. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on conformity assessments for an amendment and administrative modification to the FY 2008-2012 MAG Transportation Improvement Program. The proposed amendment involves several projects, including the addition of Arizona Department of Transportation MAG Proposition 400 noise mitigation projects. The proposed administrative modification involves several projects, including funding changes to an Arizona Department of Transportation project on Interstate-10 and Gilbert intersection improvements at Guadalupe Road and Cooper Road. The amendment includes projects that are exempt from a conformity determination and the administrative modification includes minor project revisions that do not require a conformity determination. Comments on the conformity assessments were requested by January 23, 2009. This item was on the agenda for consultation.

5E. Prioritized List of Proposed PM-10 Certified Street Sweeper Projects for FY 2009 CMAQ Funding

The Regional Council, by consent, approved a prioritized list of proposed PM-10 Certified Street Sweeper Projects for FY 2009 CMAQ funding and retained the prioritized list for any additional FY 2009 CMAQ funds that may become available due to year-end closeout, including any redistributed obligation authority, or additional funding received by this region. The FY 2009 MAG Unified Planning Work Program and Annual Budget and the FY 2008-2012 MAG Transportation Improvement Program contain \$1,210,000 in Congestion Mitigation and Air Quality (CMAQ) Funds for the purchase of PM-10 certified street sweepers. PM-10 certified street sweeper projects were solicited from member agencies in the Maricopa County PM-10 nonattainment area and 15 applications requesting \$2.7 million in federal funds were received. On December 11, 2008, the MAG Air Quality Technical Advisory Committee (AQTAC) made a recommendation on a prioritized list of proposed PM-10 certified street sweeper projects for FY 2009 CMAQ funding. Prior to the AQTAC recommendation, the MAG Street Committee reviewed the proposed street sweeper applications on October 16, October 22, and November 12, 2008, in accordance with FY 2009 Draft MAG Federal Fund Programming Principles. On January 14, 2009, the MAG Management Committee concurred with the MAG AQTAC recommendation.

5F. Ratification of the Annual Performance Review and Compensation/Benefits of the MAG Executive Director

The Regional Council, by consent, ratified the action of the Executive Committee regarding the compensation/benefits of the MAG Executive Director. In January 2003, the Regional Council approved an agreement to hire the current Executive Director. As part of this agreement, it was provided that the Executive Director would receive an annual performance review conducted by the Executive Committee. As part of the evaluation, in November 2008, a questionnaire was sent to the members of the Regional Council to comment on the performance of the Executive Director. On January 20, 2009, the Executive Committee reviewed the comments from the Regional Council, discussed the performance of the Executive Director, and took action regarding the compensation/benefits of the Executive Director.

5G. Maricopa Region Community Emergency Notification System (CENS)/Reverse 9-1-1 Standard Operating Procedures

The Regional Council, by consent, approved the Maricopa Region Community Emergency Notification System (CENS)/Reverse 9-1-1 Standard Operating Procedures. When the current service provider for the region's Community Emergency Notification System (CENS) informed Maricopa Region 9-1-1 that it would no longer continue to provide this service, a procurement process was conducted for a new vendor. Plant CML, whose product is Reverse 9-1-1, was selected to provide this service. It is necessary to update the standard operating procedures, which were approved by the MAG Regional Council in 2003, to accommodate the new product. A multi-agency team developed draft standard operating procedures for the new system. The MAG PSAP Managers Group, the MAG 9-1-1 Oversight Team, and the MAG Management Committee reviewed and recommended approval of the draft procedures.

5H. Discussion of the Development of the FY 2010 MAG Unified Planning Work Program and Annual Budget

Each year, the Unified Planning Work Program and Annual Budget is developed in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies in the spring and approved by the Regional Council in May. This overview of MAG's draft Dues and Assessments and the proposed budget production timeline provides an opportunity for early input into the development of the Work Program and Budget. This item was on the agenda for information and input on the development of the FY 2010 MAG Unified Planning Work Program and Annual Budget.

5I. MAG Socioeconomic Projections to 2035

The Regional Council, by consent, approved the extension of the 2007 MAG Socioeconomic Projections to 2035 for resident population, housing and employment by Municipal Planning Area (MPA) and Regional Analysis Zone (RAZ). In accordance with Executive Order 95-2, MAG prepares subregional socioeconomic projections. These projections are used as input into transportation and air quality models. The 2007 MAG Socioeconomic Projections for population, housing and employment by Municipal Planning Area (MPA) and Regional Analysis Zone (RAZ) for July 1, 2010, 2020, and 2030

were approved by the MAG Regional Council in May 2007. A 25-year planning horizon consistent with the 2007 projections is needed to support potential transportation planning projects. MAG needs to extend the 2007 set of projections to 2035 by using the Control Totals for 2035 consistent with the 2005 Special Census and adopted by the MAG Regional Council in December 2006. The MAG Population Technical Advisory Committee (POPTAC) approved the use of base data and methods consistent with the 2007 Socioeconomic Projections to extend the projections by MPA and RAZ to 2035 and have reviewed and provided comments on the draft 2035 projections. The POPTAC and the MAG Management Committee recommended approval of the extension of the MAG 2007 Socioeconomic Projections to 2035 for resident population, housing and employment by MPA and RAZ.

5J. The 2009 Set of International Codes

The Regional Council, by consent, recommended that each jurisdiction consider adopting the 2009 family of International Codes as published by the International Code Council (ICC). At the November 2008 MAG Building Codes Committee (BCC) meeting, members discussed an initiative to reach consensus in unison on the 2009 International Codes, prior to the jurisdiction adoption of these codes. These codes include: building, mechanical, plumbing, electric, residential, fire, energy, fuel, and performance. The MAG BCC makes recommendations on the development, interpretation and enforcement of building codes in the MAG region. It also provides a regional forum for construction, development, and other issues as they relate to building codes. In an effort to promote uniformity throughout MAG jurisdictions under the purview of life safety a motion was passed to recommend that each jurisdiction consider adopting the 2009 family of International codes as published by the International Code Council (ICC). The MAG Management Committee recommended that each jurisdiction consider adopting the 2009 family of International Codes as published by the ICC.

5K. Amendment to the FY 2009 Work Program and Annual Budget to Provide Funding for the Travel Time Information on Dynamic Message Signs Project

The Regional Council, by consent, amended the FY 2009 MAG Unified Planning Work Program and Annual Budget to provide \$250,000 of MAG Surface Transportation Improvement Program funds to ADOT for the Travel Time Information on Dynamic Message Signs Project. On January 22, 2008, the Arizona Department of Transportation (ADOT) initiated a 12-month Pilot Study to provide travel time information on dynamic message signs for six freeway corridors throughout the MAG region. The Pilot Study included an evaluation component conducted by Kimley-Horn. Preliminary results from the evaluation indicate acceptance by the motoring public to assist them in their daily commute. Due to current state fiscal constraints, ADOT is unable to continue operating the signs this year. ADOT has requested that MAG provide \$250,000 to assist ADOT in operating the system for the coming year. MAG provided similar assistance to ADOT and the Department of Public Safety to initiate the Freeway Service Parol Program. This program was subsequently operated by the State. It is anticipated that one-year funding for the Travel Time Information on Dynamic Message Signs Project would be provided by using MAG federal Surface Transportation Program funds. The MAG Management Committee recommended approval.

8. Election of MAG Regional Council Chair and Executive Committee Vacancy(ies)

This agenda item was taken out of order.

As a result of recent elections, the Chair position for the MAG Regional Council has become vacant. The MAG By-Laws provide that the Regional Council fills a vacancy on the Board by electing a successor to serve for the remainder of the unexpired term. The MAG By-Laws also provide that the Regional Council fills a vacancy on the Executive Committee following the same procedure. Nomination of the Chair and vacancy(ies) on the Executive Committee will be considered to fill the unexpired portion of the term (June 30, 2009).

Fredda Bisman, MAG General Counsel, provided an overview of the procedure for the election to fill the vacant Chair position by saying that the MAG By-Laws provide that if there is a vacancy in the Chair position, the body votes to fill the position for the unexpired term. Ms. Bisman advised that the agenda also provides for an election if another vacancy on the Executive Committee occurs.

Vice Chair Neely stated that former Chair of the Regional Council, Mayor Mary Manross, did a fine job on the Council, and even though her term was for a shorter period, her leadership should be celebrated by the Regional Council. Vice Chair Neely stated that she had spoken to many Regional Council members and expressed that as Vice Chair, she was interested in moving up to Chair. She said that in the past when a vacancy occurred, MAG had allowed the Chair to serve the remainder of the term plus two one-year terms. Vice Chair Neely indicated that she was not seeking to serve more than the six months remaining in the term and then seek a one-year term. She stated that in the process to examine MAG's procedures, there could be some changes there.

Mayor Hallman stated that he wrote a letter expressing his interest in the Chair position, sent largely due to his concern about how MAG could do a better job for the region's benefit. He noted that Mr. Smith's Executive Director's presentation and the amount of letters sent demonstrate that all see an opportunity to create a governance structure to address the shortfalls being experienced and to bring everyone together to create a powerful regional organization. Mayor Hallman stated that the Regional Council Chair is not an honorary position, but a formal position to facilitate discussion among members. He said that MAG's opportunity for developing and vetting policy occurs at the Executive Committee for presentation and discussion by the Regional Council, and if that process is used correctly, matters not being fully fleshed out can be avoided. Mayor Hallman expressed his hope that as part of the work on the governance structure, MAG might take a page from the AMWUA process to establish a cycle that ensures that all communities participate in Chair leadership and all regions participate fully. He said that every community has an equal stake in the regional process. Mayor Hallman expressed his appreciation for Vice Chair Neely's commitment to fill only the remainder of the Chair's term and then seek one additional term, and commented that it is a wise move so all other communities can be drawn in. Mayor Hallman stated that he was convinced Vice Chair Neely was committed to making the changes that would bring everyone together, because, as he said at the TPC meeting, it really does not matter if Tempe can compete with Phoenix, or with Scottsdale, or with Glendale, because we all need to work together to compete with the powerhouse regions across the globe.

Mayor Hallman moved to elect Vice Chair Peggy Neely as Chair of the MAG Regional Council for the unexpired portion of the term.

Councilmember Esser stated that he would like to second the motion, but would move to amend the motion to fill the vacancies on the Executive Committee, with Councilmember Peggy Neely as Chair, Mayor Thomas Schoaf as Vice Chair, and Mayor Hugh Hallman as Treasurer.

Mayor Hallman stated that he appreciated having the motion amended, but did not feel it appropriate that he make the motion to elect himself Treasurer.

Mayor Parker stated that he would make the motion.

Vice Chair Neely asked members if there was discussion of the motion.

Mayor Dunn asked for clarification of the terms of office. Mr. Smith replied that the terms were for the unexpired portion of the terms until June 2009.

Supervisor Wilson expressed that he wanted to say he supported Vice Chair Neely as Chair, but he had concern about the weighted vote and how it affects the different communities. He indicated that he had spoken to Vice Chair Neely about this and she had indicated that she would address his concern. Supervisor Wilson stated that it is all right to have weighted voting if it is not used, but when it is used, there are problems. He said that everyone who comes to the meetings and participates and spends their time feels they are important, too, so before he cast his vote, he would like Vice Chair Neely to respond to his concern.

Vice Chair Neely stated that she did not address that concern in her letter, however, she was supportive of modifications to the weighted vote and thought that defining what items are eligible for weighted voting could be a part of the Executive Committee's examination of MAG's policies and procedures. She said that she would be honored to bring that through the process.

Mayor Schoaf asked if there was an opportunity to fill any vacancies on the Executive Committee under this agenda item. Vice Chair Neely replied that as soon as the vote was taken, any vacancy occurring on the Executive Committee could be addressed.

Vice Chair Neely asked if there was any further discussion. Hearing none, she called for a vote on the motion to elect Councilmember Peggy Neely as Chair, Mayor Thomas Schoaf as Vice Chair, and Mayor Hugh Hallman as Treasurer, for the unexpired term (June 2009), which passed unanimously.

Chair Neely thanked the Regional Council for supporting those elected, and said she was excited for what the future holds for MAG. Chair Neely stated that she would entertain a motion to fill the vacancy on the Executive Committee.

Mayor Dunn moved to nominate Mayor Scott Smith to fill the vacancy on the Executive Committee for the unexpired portion of the term. Mayor Schoaf seconded.

Chair Neely asked if there was discussion of the motion. Hearing none, the vote on the motion passed unanimously.

Chair Neely welcomed Mayor Smith to the Executive Committee. She said that she hoped to bring back some great material to the Regional Council in 60 days.

6. Transportation Planning Update

Eric Anderson, MAG Transportation Director, provided a report on the status of Proposition 400. He noted that staff would provide to the Regional Council individual briefings on the information presented, if requested. Mr. Anderson stated that a lot is going on with transportation and just this day, the U.S. House passed the economic stimulus bill.

Mr. Anderson stated that the December 2008 sales tax revenue, based on November 2008 business activity, is down 14.8 percent compared to December 2007, and the year-to-date revenue for the first six months of this fiscal year is down 11.2 percent compared to the same period last year. Mr. Anderson advised that if the trend continues, it will translate to revenue about \$40 million below projections. He said that of the decrease, 56 percent affects the freeway program, 33 percent affects the transit program, and the remainder affects the arterial streets program. Mr. Anderson stated that because ADOT anticipates going to the bond market later this year, it will do an interim revision of the revenue forecast. He noted that ADOT predicted a flat revenue, but it appears it will be below this. Mr. Anderson showed a chart that provided a summary of freeway revenues and costs and noted a deficit in the freeway program of about \$5.1 billion.

Mr. Anderson reviewed recent and current activities. He said that in partnership with ADOT, an Inner Loop Peer Review was convened to look at projects in the Central Phoenix core. Mr. Anderson stated that convening the panel resulted from an analysis of I-10 west from I-17 to Loop 101 that recommended an additional two general purpose lanes in each direction. He noted that the RTP calls for one lane in each direction. Mr. Anderson explained the concern for adding capacity on I-10 because the Stack interchange cannot handle more volume, and unless this is addressed, it probably does not make sense to widen I-10. He stated that it is important to build the right projects and not enhance the congestion situation.

Mr. Anderson stated that the Inner Loop Peer Review panel consists of three recognized national experts: John Conrad, who was previously the Washington Department of Transportation Chief Engineer; Mike Falini, the designer of the single point urban interchange, Jack Lettiere, former commissioner with the New Jersey Department of Transportation and former chair of the Board of Directors for New Jersey Transit. He said that some of the results, expected in mid-February, could include lower cost options that might be pursued, and added that they anticipate that a better plan for the Central corridor might be identified.

Mr. Anderson stated that the three ADOT management consultants are dealing with Valley corridors, and MAG staff and ADOT had their first meeting to review corridor options. He reported that they discussed what might be viable options for the South Mountain corridor and the SR-801 corridor. Mr.

Anderson stated that the Transportation Policy Committee (TPC) discussed buying more right of way versus utilizing engineering solutions, such as retaining walls that could minimize the amount of right of way needed to be acquired. He indicated that they will be analyzing the point at which engineering solutions might be more cost effective than purchasing right of way. Mr. Anderson said that the ADOT consultants are saying that all of the widening of new corridors will be planned for the median, and the analysis they received indicates that might not be the most cost effective strategy. He indicated that staff hopes to have options to the TPC and Regional Council in 30 to 60 days.

Mr. Anderson displayed a chart of costs by corridor and noted that the cost of the RTP in 2002 dollars was approximately \$9.5 billion and the current estimate is about \$15.7 billion.

Mr. Anderson reviewed three possible program scenarios that might be considered to balance the program. The Trend Line scenario elongates delivery of the program to build all of the projects planned, perhaps five or ten years, in order to collect the additional \$4.7 billion needed. He said that this scenario assumes an extension of the half-cent sales tax, finding other funding resources, and some value engineering.

Mr. Anderson stated that the Maintain the Budget scenario delivers the program by 2025, but only the projects that can be completed with the funds available will be built, and the other projects will go away. He indicated that he thought this was probably not a viable option because he thought there were alternatives that could be considered.

Mr. Anderson stated that the Blend scenario is a combination of a lot of strategies, which could include the reauthorization of the federal transportation act and economic stimulus funds. He expressed the importance of looking at corridors and considering options in addition to value engineering. Mr. Anderson stated that the South Mountain Freeway contemplates a ten-lane facility and noted that its right of way could be 400 feet to 600 feet wide in some places. He advised that right of way is estimated at \$1.1 billion, which was the amount estimated for the entire project, including the right of way. Mr. Anderson stated that the ADOT consultant has come back and suggested the potential use of retaining walls and making the footprint smaller. He noted that another option is reevaluating the number of lanes needed. Mr. Anderson noted that if less right of way is purchased, the implication is that the facility will not be expanded. He said that he thought significant economies could be achieved with smarter right of way acquisition strategies. Mr. Anderson stated that another option is that the South Mountain corridor could be built as an Arizona Parkway, which perhaps could be more neighborhood-friendly, however, with less capacity, the impacts to the rest of the system need to be considered.

Mr. Anderson noted that originally the timeframe to complete the process to balance the program was given as April 2009, with approval of the Plan update in July, however, this now seems too ambitious due to changing factors and that the revenue decline may not have ended. He said that the good news is that costs are declining, but it is not known how long that will last. Mr. Anderson indicated that a summer wrap-up is now anticipated, with approval of the Plan update in the Fall.

Chair Neely thanked Mr. Anderson for his report and asked members if they had questions.

Councilmember Esser asked when the funds from an economic stimulus package might be expected. Mr. Anderson replied that indications are the package is expected to be signed by the President in mid-February and he thought the funds would be available 30 days after that. He indicated that the idea was to get the money flowing to create jobs and stimulate the economy. Mr. Anderson advised that MAG will be required to follow the required federal processes for projects funded by the stimulus package because there will be no waiver of the federal rules. In addition MAG will follow the usual process when adding projects due to additional funding being received. He indicated that staff thinks the amount coming to Arizona will be equivalent its one-year appropriation of federal funds.

Supervisor Wilson commented that project reductions are being considered, but perhaps by the time they are made, the economy could turn around and then it is too late to go back to the previous plan. He asked if there were any legal requirements to change the Plan. Mr. Anderson replied that MAG would follow many processes to change the Plan, including the public participation process. He commented that in the past, the MAG program has experienced some declines in revenue that lasted for a couple of years, but he felt this is completely uncharted territory. Mr. Anderson remarked that until the base is known, it is difficult for the planning community to say what needs to be done in the next five or six years. Mr. Anderson stated that Supervisor Wilson was correct, changes need to be incremental, so that decisions made today are not regretted later. He said they are not only trying to find the middle ground to save money today, but also preserve options for tomorrow.

Supervisor Wilson asked if the stimulus money would need to be repaid. Mr. Anderson replied that to his understanding, the funds would not need to be repaid.

Councilmember Esser said that some development projects are on hold due to developers' lack of funds. He asked if commitments to acquire right of way could be made now to forestall development. Mr. Anderson replied that this was possible in some corridors. He indicated that Loop 303 is pretty well cleared now. The South Mountain is still in the environmental impact statement process. Mr. Anderson explained that right of way can be acquired during the environmental impact statement process, however, FHWA discourages it. He said that purchase of right of way for SR-801 is a possibility, but it is uncertain what will be built. Mr. Anderson stated that for SR-802, the first mile is well defined from the Santan to Ellsworth, however, corridor farther east is not defined in Pinal County, so it is probably not advisable to buy right of way yet.

Chair Neely stated that some people have suggested that in addition to the TPC, smaller workshops for the Regional Council could be held. She suggested surveying Regional Council members to see if they would like to have smaller breakouts. Mr. Anderson replied that this might be helpful because there was a lot of detail behind what was presented tonight and such workshops could be scheduled if requested.

7. Proposal to Advance a Portion of the Williams Gateway Freeway

Mr. Anderson provided a report on the Mesa request to advance the first mile of the Williams Gateway Freeway from the Hawes Road connection at the Santan Freeway to Ellsworth Road with all of the ramp connections at the Santan Freeway. He said that the mainline freeway would not be built at this time because there is not yet a need. Mr. Anderson stated that Mesa and other East Valley jurisdictions see

the Phoenix-Mesa Gateway Airport as a major employment hub developing in the East Valley and this first mile segment would provide access.

Mr. Anderson explained that Mesa would do the financing by issuing Highway Project Advancement Notes (HPAN) in two phases: 1) design and right of way, and 2) construction, which could be accelerated by four years. He said that the design and right of way amount is about \$45 million and the construction amount is about \$172 million. Mr. Anderson noted that detail on the proposal is shown in the agenda material.

Mr. Anderson stated that the interest expense on financing would be split fifty/fifty between Mesa and the freeway program, which is in accordance with the MAG Freeway Acceleration Policy adopted by the Regional Council in early 2008. He stated that Mesa is proposing that the STAN allocation of \$20.4 million be used for the interest reimbursement rather than the expense of right of way acquisition. Mr. Anderson provided background on the STAN funds by saying that in 2006, the Legislature set aside \$307 million statewide for transportation, and Maricopa County received 60 percent of that amount. He said that the Regional Council used the STAN funds to accelerate a number of projects, including advance acquisition of right of way for the Williams Gateway Freeway in the amount of \$20.4 million.

Mr. Anderson stated that using the \$20.4 million to pay down the interest expense accomplishes two things. He said that the \$20.4 million is insufficient to purchase all of the right of way, and due to the Mesa financing, all of the right of way would be acquired earlier than it would be otherwise. Secondly, that there could be cost savings due to this proposal.

Mr. Anderson stated that Mesa realizes that the Plan's schedule is subject to change as the program is readjusted. He said that currently, construction for this segment is scheduled for 2016, and this date could possibly be readjusted to 2018, however, that is currently unknown. Mr. Anderson stated that Mesa has indicated it will move forward on the right of way and design, but if the construction schedule moves out too far, it might not be able to afford to do the construction component. He noted that even if this occurred, the project would be fully designed and all of the right of way purchased. Mr. Anderson stated that the STAN funds are subject to being swept by the Legislature, and if that happens, Mesa might have to reevaluate the proposal.

Chair Neely thanked Mr. Anderson for his report and asked members if they had any questions.

Mayor Lopez Rogers stated that projects still in the queue and the possibility of funds being swept were concerns expressed at the TPC meeting. She said that due to concerns for projects in the queue, she would like to propose the motion she made at the TPC, and added her support for the Mesa proposal.

It was noted that the TPC's recommendation had been emailed to members and a copy was provided at each place.

Mayor Lopez Rogers moved to approve the Mesa request to advance the design, right of way and construction of an interim connection of the Williams Gateway Freeway utilizing STAN funds allocated to Williams Gateway Freeway, as noted in the report, subject to the condition that the funding and

schedule for any remaining MAG STAN project continue unaffected by the acceleration. If the funding and/or schedule for any remaining MAG STAN project is affected by the acceleration, or any other reason, such affected project's funding schedule shall be maintained by any means necessary, including, but not limited to, the use of economic recovery funds. Also to incorporate the project into the draft FY 2010 to FY 2014 MAG Transportation Improvement Program and the Regional Transportation Plan for a conformity analysis and that the STAN funds allocated to the Williams Gateway Freeway for right of way acquisition be used instead to pay for the interest expense associated with the proposed acceleration, recommend that the request for the change in the use of the STAN funds be forwarded to the State Transportation Board for consideration, and recommend authorizing the MAG Executive Director to enter into an agreement with ADOT and Mesa. Mayor Schoaf seconded.

Chair Neely asked members if there were any comments or discussion.

Mayor Sanders expressed his appreciation to Mesa and the Regional Council for all they have done for the East Valley region.

With no further discussion on the motion, the vote passed unanimously.

9. Status Update on the June 30, 2008 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report (CAFR) and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2008

Dennis Osuch, one of the three partners in the public accounting firm of Cronstrom, Osuch, & Company, P.C., provided a report on the audit of MAG's Comprehensive Annual Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2008. He said that his firm has been conducting audits in Arizona cities and towns for 21 years, and this audit is the second they have conducted for MAG. Mr. Osuch stated that the report was issued on November 10, 2008, and they issued an unqualified opinion on the financial statements, which were found to be in prepared in accordance with generally accepted accounting principles. He stated that they issued no management letters or letter of significant deficiencies.

Mr. Osuch stated that they also conducted an audit of MAG's federal program, OMB 133, and issued an unqualified opinion on compliance and had no findings on the related internal controls.

Mr. Osuch noted that MAG has submitted the FY 2008 CAFR to the Government Finance Officers Association for the Certificate of Excellence in Financial Reporting and it is anticipated that it will receive the award, which would be the eleventh consecutive year. He concluded his presentation by saying that the audit went well with no issues. Chair Neely thanked Mr. Osuch for his report.

Councilmember Esser moved to accept the audit opinion issued on the MAG Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2008. Mayor Waterman seconded, and the motion carried unanimously.

10. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, provided an update on a legislative package Congress is considering to boost the national economy. Mr. Pryor noted that the information presented was subject to change. He said that since October 2008, MAG staff and the member agencies compiled more than 750 projects totaling more than \$7.4 billion. Mr. Pryor stated that MAG staff has been working with local and national groups and associations and monitoring federal legislation. He reported that MAG staff met with the Arizona Congressional delegation in December 2008, and Senator Kyl indicated Congress wanted timeliness of projects to be addressed. Mr. Pryor stated that the list of projects was broken down into groups of 60 to 120 days, six months, and beyond six months. He noted that in discussions with the Congressional delegation, MAG staff urged the relaxation of federal processes, however, the House and Senate versions contain no provision for the relaxation of the process of drawing down the funds. Mr. Pryor noted that the bill is expected to be signed by the President by mid to late February.

Mr. Pryor reviewed the current provisions in the bill. He said that for highway and bridge construction, the House version includes \$30 billion and the Senate version includes about \$27 billion, plus \$5.5 billion for a competitively awarded surface transportation grants program. Mr. Pryor noted that the MAG project list includes a number of water and wastewater projects and for these types of projects there seems to be a grant-type of programming effort. He indicated that staff will continue to monitor the legislation in that regard.

Mr. Pryor stated that the House version includes about \$612 million for transportation infrastructure projects for Arizona, and the Senate version includes about \$627 million, which does not include the \$5.5 billion grants portion. He added that it was unknown how that would be broken out among the states. Mr. Pryor stated that the House version includes about \$206 million for non-transit MAG projects and the Senate version includes about \$249 million, of which about \$147 million would be allocated to the MPO. Mr. Pryor stated that these amounts have fallen short of expectations, with the MAG non-transit infrastructure project total about \$3.8 billion. He added that the House version represents 5.4 percent of the MAG projects submitted and the Senate version represents about 6.5 percent of the MAG projects submitted.

Mr. Pryor stated that the House bill may require 50 percent of funding to be obligated within 90 days for the state and 75 to 150 days for the MPOs, decreased from the original 180 days. He stated that this could cause restrictions in moving projects forward. Mr. Pryor stated that after the deadline, monies not spent would be redistributed according to a methodology. He explained that funds not used by the MPOs and local agencies would go back to the state level where MPOs and local agencies can draw from the funds. If the funds are not used by the state, they go to the federal level where other states can draw from the funds. Mr. Pryor stated that the Senate version includes a more direct suballocation to MPOs and allows one year for MPOs to obligate the funds, which is more relaxed in its obligation timeline.

Mr. Pryor referenced a draft letter to the Arizona Congressional delegation at each place, which encourages an increase in funding. Mr. Pryor stated that there is a Congressional Budget Office report that indicates they are pessimistic about how fast states and local agencies can spend the money and they

see this more as back-ended in terms of this recession. He noted that the draft letter indicates that MAG feels it can obligate the funds quickly.

Mayor Dunn asked if there had been any effort by Congress to streamline the policies or requirements to allow projects to proceed sooner. Mr. Pryor stated that staff had brought up this issue with the Congressional delegation and advanced the notion with the National Association of Regional Councils, but people are interested in maintaining traditional policies and procedures.

Mr. Smith stated that staff was blunt with the Congressional delegation about this and suggested to move projects quickly an emergency should be declared, as with the border fence. He indicated that MAG staff expressed that this financial situation was a national economic emergency and asked why it was not being declared to give emergency power to the Governor. Mr. Smith reported that FHWA issued a directive that they do not regard this as an emergency as they define it.

Mayor Smith asked when we would reach the level for obligating projects. Mr. Smith stated that there is a federal obligation form that is submitted that says all of the processes have been completed. He said that since none of the federal requirements have been waived, MAG is at a disadvantage due to its status as a nonattainment area. Mr. Smith explained that MAG has to do a conformity analysis, and after this is completed, there is a 30-day public input process that has to be followed before Plan approval. He advised that emergency committee meetings might need to be called due to the urgency of the situation.

Mayor Smith asked if any projects were ready that could spend the funds that would become available. Mr. Pryor stated that the Transportation Review Committee would begin the process at its meeting the next morning. He said that staff has already been taking the eligibility criteria and applying it to the project list. Mr. Pryor stated the Transportation Review Committee will start mapping out options and next steps.

Mayor Schoaf asked the process for prioritizing the projects if there are more projects that are ready than funds available. Mr. Smith stated that this will be the subject of discussion at the Transportation Review Committee meeting. He said that the Committee will have a cut line and will continue to rank the projects. Mr. Smith noted that MAG needs to be ready with an extended list, because if other states cannot get their projects out the door, the funds would be redistributed to states that could.

Mayor Schoaf asked the process for prioritizing projects to use the stimulus funds. Mr. Smith replied that the process has not yet been determined and that will be the discussion at the Transportation Review Committee meeting. He added that a great deal will be determined by project readiness, such as those STAN projects mentioned in the motion on the Williams Gateway Freeway agenda item. He indicated that those projects left behind by the STAN funding, such as I-17 north and I-10 west, which amount to about \$74 million, will be ready to go. Mr. Smith said that it will really come down to which projects have gone through the federal process.

Supervisor Wilson stated that it seems MAG is shifting its planning methods to the availability of funds, and maybe there could be an examination of what it is going to cost. He stated that the overpass on Loop 303 and I-10 is the most expensive overpass in the program, and asked if there was a way to

expedite that project with federal funds and use its current funding on other projects. Mr. Smith stated that Supervisor Wilson was correct, the overpass's cost is expensive – it is estimated at \$500 million. He said that MAG will be looking to ADOT who is hiring five consultant teams, two of which are for this region, to expedite projects. Mr. Smith said that he was not sure if that interchange project had completed all of its processes.

Mr. Martin commented that the current amount of funding being considered by Congress is wholly inadequate for this region and for Arizona. He said he would support more funding of ready projects. Mr. Martin stated that MAG needs to move forward with prioritizing projects, but he felt the first priority should be pushing Arizona's Congressional delegation to increase the funding amount. He stated that the amount of the ADOT list, which does not even include the \$7 billion from the MAG region, is almost double the amount being recommended for Arizona. Mr. Martin indicated that his organization, ADOT and all agencies will work together to get the projects out. He indicated that the Congressional Budget Office report assumes that Arizona has weather impacts, such as North Dakota, where the construction program comes to halt due to winter weather. Mr. Martin said that his point was that the Congressional Budget Office report has tempered the amount of money Congress is looking to provide. He expressed that he did not think this was over yet and there was still an opportunity at the Senate Conference Committee to increase the amount. Mr. Martin stated that an effort by the Regional Council to increase the funding would be appreciated and he strongly encouraged that the letter be sent to the Congressional delegation.

Mr. Smith stated that MAG has the full cooperation of ADOT to move forward projects and the FHWA Division Office has indicated it will do everything it can.

Supervisor Wilson stated that Mr. Smith could include Maricopa County in that statement.

Chair Neely stated that it appeared it was in the best interest of the region to send out the letter. No opposition was noted.

11. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Supervisor Wilson asked if MAG staff could send out information on the amount of freeway miles capable of being built in Arizona.

There being no further business, the Regional Council meeting adjourned at 6:20 p.m.

Chair

Secretary